

Message Text

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ACTION ARA-17

INFO OCT-01 ADP-00 TRSE-00 EB-11 COME-00 SCS-03 SCA-01 L-03

JUSE-00 PA-03 PRS-01 USIA-12 CIAE-00 INR-10 NSAE-00

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FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 9684

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EO 11652: N/A

TAGS: VDIS, PINT, VE

SUBJECT: VOTING MACHINES CONTROVERSY

REF: CARACAS 3155; 3353; 3548

SUMMARY: MOST OF LOCAL MEDIA IS SPECULATING THAT CONTRACT FOR PURCHASE OF VOTING MACHINES FROM AVM WILL SHORTLY BE RESCINDED. PRESIDENT CALDERA HAS ANNOUNCED THAT HE WILL SUPPORT WHATEVER DECISION IS REACHED BY SUPREME ELECTORAL COUNCIL, AS AD- COPEI DISPUTE GROWING OUT OF CONTROVERSY HAS DIMINISHED. PROCURATOR GENERAL IS REPORTED TO BE PREPARING TO DEFEND GOV' S INTERESTS IN EVENT AVM DISPUTES CONTRACT RESCISSION.

1. PREPONDERANCE OF LOCAL PRESS SPECULATION IS THAT SUPREME ELECTORAL COUNCIL (CSE) WILL DECIDE TO RESCIND VOTING MACHINES CONTRACT WITH AUTOMATIC VOTING MACHINES CO. (AVM) DURING WEEK OF MAY 6-12 OR EARLY DURING WEEK OF MAY 13-19. THIS SPECULATION BASED ON ASSUMPTION THAT SPECIAL CONGRESSIONAL COMMITTEE' S AND CONTROLLER

GENERAL' S INVESTIGATIONS WILL BE COMPLETED BY NEXT WEEK AND THAT THEY WILL RECOMMEND THAT CONTRACT BE RESCINDED. FURTHERMORE, MOST

OF MEDIA AND ALL POLITICAL PARTIES EXCEPT AD AND MEP NOW APPARENTLY FAVOR RESCISSION, AND EVEN AD IS SAID TO BE WILLING TO GO ALONG WITH FINDINGS OF CONTROLLER GENERAL, WHO, ACCORDING TO ONE PRESS REPORT, WILL BASE RECOMMENDATION FOR RESCISSION ON CLAUSE IN LIMITED OFFICIAL USE

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CONTRACT WHICH LIMITS COMMISSIONS TO INTERMEDIARIES TO ONE PERCENT OF PURCHASE PRICE. (AVM HAS DENIED TO EMBASSY OFFICERS THAT THERE IS SUCH A CLAUSE IN CONTRACT.) WIRE SERVICE REPORTS OF ADDITIONAL INDICTMENTS FOR ALLEGED BRIBERY ATTEMPTS BY AVM IN US HAVE NOT HELPED AVM' S CAUSE, NOR HAS STATEMENT TO PRESS BY CSE VICE PRESIDENT THAT HE WILL VIEW WITH SYMPATHY THE RESCINDING OF THE CONTRACT."

2. DURING PRESS CONFERENCES IN PAST FEW WEEKS PRESIDENT CALDERA TWICE HAS BEEN ASKED HIS VIEWS ON MATTER, AND HE HAS SAID THAT IT IS NOT MATTER FOR HIM TO DECIDE, BUT THAT HE WILL SUPPORT WHATEVER DECISION INDEPENDENT CSE REACHES.

3. WITH REFERENCE TO PUBLIC OPINION, IT IS PERHAPS NOTEWORTHY THAT DURING MAY 1 PARADE BY VENEZUELAN WORKERS CONFEDERATION (CTV) LARGE GROUPS OF MARCHERS WERE OBSERVED BY LABOR ATTACHE SHOUTING ANTI-VOTING MACHINES SLOGANS ON TWO SEPARATE OCCASIONS. (THEY MAY WELL HAVE BEEN COPEI WORKERS.) ON THE OTHER HAND SENTIMENT OF " MAN ON THE STREET" SEEMS TO BE THAT COMMISSIONS AND BRIBES ARE A NORMAL PART OF DOING BUSINESS HERE AND THAT SCANDAL SHOULD NOT INFLUENCE DECISION ON VOTING MACHINES.

4. AD- COPEI PUBLIC DEBATE GROWING OUT OF VOTING MACHINES CONTROVERSY HAS DIED DOWN SOMEWHAT AFTER PLEA BY PRESIDENT OF SUPREME ELECTORAL COUNCIL AND PUBLIC STATEMENTS BY THE TWO PARTIES INDICATING THEY WOULD TONE DOWN RHETORIC. BEFORE THAT AD HAD REVEALED THAT MIAMI COURT TRANSCRIPT SHOWS THAT COPEI HAD ALSO BEEN MENTIONED AS POTENTIAL RECIPIENT OF A BRIBE.

5. SINCE DISPATCH OF CARACAS 3548 THERE HAS BEEN NO FURTHER PUBLIC MENTION HERE OF REPUBLIC NATIONAL BANK.

6 AVM ATTORNEY MICHELL ROGOVIN IS EXPECTED TO ARRIVE HERE THIS WEEKEND.

7. COMMENT: IF CONTRACT IS RESCINDED WE WILL LIKELY BE FACED WITH COMMERCIAL DISPUTE BETWEEN AVM AND GOV, SINCE AVM HAS INFORMED US THEY HAVE ALREADY INVESTED ABOUT \$10,000,000 IN MACHINES SPECIFICALLY DESIGNED FOR VENEZUELA. ACCORDING TO ONE PRESS REPORT, PROCURATOR GENERAL PLANS TO DEFEND VENEZUELAN GOVERNMENT' S INTERESTS IN THE EVENT OF A DISPUTE WITH AVM IF CONTRACT IS RESCINDED.
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